

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AGR-10 IGA-01 EUR-12 SP-02 AID-05 EB-07

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 L-02 H-02 /103 W
----- 016493

P R 041835Z MAR 75

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 8515

INFO AMCONSUL BELIZE

AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT AU PRINCE

AMEMBASSY PORT OF SPAIN

UNCLAS BRIDGETOWN 0354

E.O. 11652: N/A

TAGS: EFIN, EAID, BB

SUBJ: CDB: RECENT VISITS AND CURRENT ISSUES

SUMMARY

CDB SEEMS READY TO ACCEPT IMPROVED TERMS FOR LOAN OF DM 16.5 MILLION FROM FRG. BANK ALSO CONFERRED IN FEBRUARY WITH IBRD TEAM CONCERNING POSSIBLE 1975/76 LOAN OF US\$17.5 MILLION. BANK WILL MOVE INTO NEW HEADQUARTERS BUILDING PRIOR TO BOARD OF GOVERNORS' MEETING SLATED FOR MAY 26, 27. CDB PREPARED REOPEN DISCUSSIONS WITH USAID RE PENDING AGRICULTURE LOAN.
END SUMMARY

1. FEBRUARY SAW VISITS TO CDB BY FRG REPRESENTATIVES AND THREE-MAN IBRD TEAM COLLECTING DATA IN CONNECTION WITH POSSIBLE LOAN. A VISIT BY IDB IS ALSO ANTICIPATED IN NEAR FUTURE BUT NO
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DATES ARE SET.

2. FRG TEAM DISCUSSED STILL PENDING LOAN OF DM 16.5 MILLION. FRG TEAM, HEADED BY DR. ERIC LANG OF MINISTRY OF ECONOMIC COOPERATION, REPORTEDLY AGREED TO PERMIT USE OF LOAN FUNDS FOR UP TO 60 PERCENT OF LOCAL CURRENCY EXPENSES, AT LEAST ON SMALLER PROJECTS, AND WAS WILLING TO MODIFY FRG COMMITMENT FEE OF 1/4 PERCENT BY GIVING A MORATORIUM OF FEE PAYMENT. CDB HAS INFORMED UK AND CANADA THAT IT REGARDS PROPOSED FRG SOFT LOAN TO SDF AS "SUBSTANTIAL CONTRIBUTION" AND THAT DEMAS WILL TAKE UP QUESTION OF UNTYING FUNDS WITH OTHER SDF CONTRIBUTORS.

3. EMBASSY RECALLS THAT PRIMARY US CONCERN WITH ABOVE LOAN WAS FEELING THAT FRG SEEMED CAPABLE OF PROVIDING LARGER AMOUNT AND THAT FRG FIRMS WOULD BE ABLE TO COMPETE IN CDB-FUNDED PROJECTS FOR RELATIVELY SMALL ENTRANCE FEE. UK IS APPARENTLY WILLING TO GO ALONG WITH TERMS OF FRG LOAN TO EXTENT OF UNTYING SECOND TRANCHE OF THEIR LOAN, BUT CIDA, WHILE PREPARED TO WELCOME FRG CONTRIBUTION TO SDF, HAS NOT YET TAKEN A POSITION ON UNTYING. CIDA HAS INFORMED DEMAS THAT UNTYING SHOULD BE SETTLED THROUGH BILATERAL NEGOTIATIONS ON PART OF THOSE CONCERNED.

4. IBRD TEAM, LED BY PHILIP GLAESSNER, MADE FIRST FORMAL VISIT TO BANK AT END OF FEBRUARY IN CONNECTION WITH POSSIBLE LOAN OF US\$17.5 MILLION SOMETIME IN LATE 1975 OR 1976. WE HAVE HAD NO CONTACT WITH IBRD TEAM BUT HAVE BEEN TOLD THAT TEAM SEEMED IMPRESSED WITH CDB AND IBRD LOOKS FORWARD TO MAKING FINAL ARRANGEMENTS DURING A SECOND VISIT IN APRIL OR MAY.

5. IN ADDITION TO POSSIBLE IBRD AND FRG LOANS, CDB INFORMS US THAT BOARD OF DIRECTORS' MEETING SCHEDULED FOR MARCH 20 AND 21 WILL ALSO CONSIDER GOTT SPECIAL FUND FOR LDC COUNTERPART CONTRIBUTIONS, A REQUEST FOR INCREASE IN INTEREST RATES ON ALL HARD LOANS FROM ALMOST 8 TO 10 PERCENT AND FOR ALL SOFT LOANS FROM 4 TO 6 PERCENT, AS WELL AS CHANGES IN TERMS/CONDITIONS OF A NUMBER OF LOANS ALREADY GRANTED.

6. CDB ALSO IS MAKING ARRANGEMENTS TO MOVE INTO ITS NEW QUARTERS NOW NEARING COMPLETION IN CHRIST CHURCH, SOMETIME IN UNCLASSIFIED

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LATE MARCH OR APRIL. NEW BUILDING, PROVIDED BY GOB, WILL PROVIDE BANK WITH NEEDED ROOM TO BRING AGRICULTURAL DIVISION UNDER SAME ROOF AS OTHER DIVISIONS AND WILL EQUIP BANK WITH CONFERENCE FACILITIES. (1975 BOARD OF GOVERNORS WILL MEET AT NEW BUILDING MAY 26 AND 27.) NEW QUARTERS WILL GIVE CDB PLENTY OF ELBOW ROOM BUT WILL BE LESS CONVENIENT TO DOWNTOWN AREA THAN PRESENT CENTRAL LOCATION.

7. CDB STATES THAT IT WILL BE PREPARED TO DISCUSS AGAIN IN
EARLY APRIL ITS PROPOSALS FOR AGRICULTURAL LOAN. CDB FOUND
MEETINGS WITH AID TEAM IN EARLY JANUARY VERY PRODUCTIVE BUT
HOPES THAT SOME MUTUALLY AGREEABLE MEANS OF AGRICULTURAL
ASSISTANCE CAN BE IDENTIFIED IN NEAR FUTURE. CDB HOPES THAT
ANNUAL REVIEW CAN BE COMBINED WITH DISCUSSIONS ON AGRICULTURAL
LOAN AND SUGGESTS FIRST WEEK IN APRIL. WOULD APPRECIATE AID'S
THOUGHTS ON TIMING OF ANNUAL REVIEW.
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